

Message Text

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ACTION OES-07

INFO OCT-01 ARA-14 ISO-00 EB-08 TRSE-00 COME-00 OMB-01
CIAE-00 INR-10 NSAE-00 INT-05 H-02 L-03 /051 W
-----080162 111243Z /20

R 101720Z APR 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 7033
INFO AMEMBASSY MEXICO
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMCONSUL BELEM

UNCLAS SECTION 1 OF 2 BRASILIA 2868

DEPT PASS COMMERCE FOR NOAA/NMFS

MEXICO FOR FISHATT

E.O. 11652: N/A
TAGS: EFIS, BR
SUBJECT: FOREIGN INVESTMENT/PARTICIPATION IN BRAZILIAN FISHERY

REF: A: STATE 084700 B. 77 BRASILIA 9730

1. SUMMARY. FOREIGN INVESTMENT/PARTICIPATION IN BRAZIL'S FISHING INDUSTRY IS PRESENTLY LIMITED TO THREE OPTIONS: LEASING FOREIGN OWNED BOATS TO BRAZILIAN FIRMS, FORMING JOINT FISHING VENTURES WITH BRAZILIAN COMPANIES, OR INVESTING IN FISH PROCESSING ENTERPRISES. PROPOSED PROJECTS IN ALL THREE AREAS MUST BE APPROVED IN ADVANCE BY THE GOB FISHERIES AGENCY AND MINISTRY OF AGRICULTURE. BRAZILIAN LAWS COVERING THESE FIELDS, HOWEVER, ARE EITHER OUTDATED OR STILL UNDER STUDY. END SUMMARY.

2. FOLLOWING INFORMATION, DERIVED FROM EMBASSY RESEARCH AND CONVERSATIONS WITH FISHERIES AGENCY
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(SUDEPE) OFFICIALS, IS KEYED TO PARA. 2 REF A QUESTIONS: BRAZIL'S TERRITORIAL SEA (200 MI.), THE APPLICABLE LAW IS DECREE 68.459 OF APRIL 1, 1971. THIS LAW STATES THAT FOREIGN FISHING VESSELS MAY OPERATE WITHIN BRAZILIAN WATERS IF LEASED TO BRAZILIAN COMPANIES WHEREUPON THEY GAIN EQUAL STATUS WITH BRAZILIAN VESSELS. CONCERNING FOREIGN VESSELS NOT

LEASED TO BRAZILIAN COMPANIES, THE LAW PERMITS THEM TO OPERATE ONLY IN THE 100-200 MI. ZONE AND ONLY IF PROPERLY REGISTERED. THIS EXCEPTION FOR NON-LEASED FOREIGN BOATS WAS INTRODUCED TO ALLOW FOR FOREIGN FISHING ACTIVITY UNDER BRAZIL'S BILATERAL SHRIMP AGREEMENTS WITH THE US, TRINIDADE & TOBAGO, SURINAM, AND BARBADOS. SINCE THE EXPIRATION OF THESE AGREEMENTS IN DEC. 1977, HOWEVER, THE GOB DOES NOT ALLOW ANY FOREIGN FISHING VESSEL TO OPERATE IN BRAZILIAN WATERS UNLESS IT IS UNDER EITHER A LEASE CONTRACT OR JOINT VENTURE ARRANGEMENT. SEVERAL BRAZILIAN FIRMS HAVE ACTIVE LEASE CONTRACTS WITH FOREIGN FISHING COMPANIES, INCLUDING ONE US FIRM. NO JOINT FISHING VENTURES HAVE YET BEEN ESTABLISHED. (A-2) SEVERAL OTHER BRAZILIAN COMPANIES ENGAGED IN THE PROCESSING AND PACKING OF FISH ARE AFFILIATED WITH OR SUBSIDIARIES OF FOREIGN, INCLUDING US, FIRMS. THESE COMPANIES DO NOT CONDUCT FISHING OPERATIONS AND ARE NOT SUBJECT TO ANY LIMITATIONS OR REGULATIONS NOT APPLICABLE TO WHOLLY BRAZILIAN BUSINESSES. (B) THIS NEW GOB POLICY LIMITING FISHING OPERATIONS IS BASED ON A SET OF "DIRECTIVES" WHICH FORMED THE BASIS FOR A NEW MODEL JOINT FISHING VENTURE AGREEMENT WHICH THE GOB PRESENTED AS A REPLACEMENT FOR THE EXPIRED SHRIMP AGREEMENTS, THOUGH IT IS NOT LIMITED TO SHRIMP FISHING (REF B). ACCORDING TO A UNCLASSIFIED

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SUDEPE OFFICIAL, THESE "DIRECTIVES" CONTAIN A "CONFIDENTIAL" CLAUSE AND CANNOT BE MADE PUBLIC YET. HOWEVER, THE GOB IS PREPARING TO PROMULGATE THEM AS LAW, MINUS THE "CONFIDENTIAL" CLAUSE. LEASE CONTRACTS, COVERED BY DECREE 68.459, MUST BE SUBMITTED FOR APPROVAL TO SUDEPE WHICH EXAMINES THE CONTRACT IN COORDINATION WITH THE NAVY MINISTRY, AND THEN SUBMITS ITS FINDINGS TO THE MINISTRY OF AGRICULTURE (SUDEPE'S PARENT ORGANIZATION) WHICH ISSUES FINAL AUTHORIZATION BASED ON SUDEPE'S RECOMMENDATION. A SIMILAR PROCEDURE WILL BE IMPLEMENTED FOR JOINT FISHING VENTURE PROPOSALS, ALTHOUGH, AS INDICATED ABOVE, NO LAW PRESENTLY EXISTS DEFINING THE STEPS TO BE FOLLOWED IN THE FORMATION OF JOINT FISHING VENTURES.

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CIAE-00 INR-10 NSAE-00 INT-05 H-02 L-03 DLOS-09
/060 W

-----080156 111135Z /20

R 101720Z APR 78
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INFO AMEMBASSY MEXICO
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DEPT PASS COMMERCE FOR NOAA/NMFS

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(B-2) CONCERNING FISH PROCESSING OPERATIONS,
SUDEPE ALSO REVIEWS PROPOSED FOREIGN INVESTMENT
PROJECTS IN THESE FIRMS AND MUST APPROVE THE INVESTMENT
BEFORE AUTHORIZING THE FIRM TO RECEIVE ANY OF THE
EXPORT AND TAX INCENTIVES ADMINISTERED BY SUDEPE.
ACCORDING TO THE SUDEPE OFFICIAL IN CHARGE OF THE
INCENTIVES PROGRAM, SUDEPE IS MOST INTERESTED IN
INSURING THAT ANY PROPOSED FOREIGN INVESTMENT WILL
ALSO BRING A TRANSFER OF TECHNOLOGY. THIS OFFICIAL
ADMITTED THAT SUDEPE WOULD PROBABLY NOT APPROVE FOR
SUDEPE INCENTIVES ANY PROPOSED FOREIGN INVESTMENT
WHICH DID NOT INVOLVE A REAL TRANSFER OF INDUSTRIAL
TECHNOLOGY.

(C) YES, BUT THESE ARE THE LAWS WHICH APPLY TO
ALL FOREIGN INVESTMENT IN ALL SECTORS, NOT JUST
THE FISHING INDUSTRY.

(D) SEE PARAGRAPH B-2.

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3. EMBASSY POUCHING TO DEPT. (OES/OFA) COPY OF DECREE
68.459.
JOHNSON

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Message Attributes

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Status: NATIVE
Subject: FOREIGN INVESTMENT/PARTICIPATION IN BRAZILIAN FISHERY
TAGS: EFIS, EINV, BR
To: STATE
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